with financial institutions for financing import of capital goods have been removed;

(c) if so, what are the reasons therefor; and

(d) by which date the above relaxations are likely to be enforced and what benefits are likely to accrue as a result thereof?

THE MINISTER OF STATE OF FINANCE (SHRI RAMESHWAR THAKUR): (a) and (b) Yes, Sir.

(c) and (d) The above steps have been taken to facilitate expeditious release of foreign exchange for import of Capital Goods without any ceilings. The liberalisation is justifiable in view of the introduction of the Liberalised Exchange Rate Management System which introduces a self balancing mechanism for equilibrating the demand and supply of foreign exchange without the need for bureaucratic scrutiny on a case by case basis aimed at containing the pressure of demand.

Abolition of Section 80CCA and 80CCB of Income Tax Act

4593. SHRI MURLIDHAR CHANDRAKANT BHANDARE: Will the Minister of FINANCE be pleased to state:

(a) whether it is a sound economic policy to increase revenue from Direct taxation by deleting Section 80CCA and 80CCB for the current assessment year;

(b) whether this will not lead to surplus funds coming into the hands of the tax payer thereby leading to the increase in the inflation;

(c) if so, whether Government would consider increasing the period of deposit under Section 80CCA and 80CCB from three years to five years; and

(d) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) The Finance Bill, 1992 seeks to replace the deductions allowed from the gross total income for amounts deposited in the National Savings Scheme or in notified Annuity Plan of the LIC or amount invested in Equity Linked Saving Scheme of any Mutual Fund under sections 80CCA and 80CCB, by a system of tax rebates under section 88 from the tax payable by the assessee. The system of tax rebate is more equitous than a deduction from the total income. Under the earlier system, a taxpayer in the higher income bracket would get a higher tax benefit than a person in the lower income bracket in respect of the same amount invested in the above schemes. Shifting these schemes to the regime to tax rebate will remove the aforesaid inequity.

(b) No, Sir. It is expected that the surplus funds would be invested in productive forms, including saving schemes entitled to tax under section 88 of the Income-tax Act.

(c) and (d) Since the proposal is to withdraw the reliefs under section 80CCA and 80CCB, answers to these parts of the question do not arise.

Tax exemption on foreign exchange earnings of project exports

4594. SHRI KRISHNA KUMAR BIRLA : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Federation of Indian Export Organisations and Engineering Export Promotion Council have urged Government to provide 100 per cent tax exemption on foreign exchange earnings from project exports;

(b) if so, what is the reaction of Government in this regard;

(c) whether in view of the encouragement to exports, Government propose to extend section 80 [illegible] benefits to all those who earn foreign exchange; and

(d) if so, what are the details of the steps Government propose to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) Yes, Sir.

(b) to (d) 100 per cent exemption from

income-tax is allowed to exporters of goods and merchandise under Sec. 80HHC of the Income-tax Act in view of the fact that in commodity export there is low profitability on account of the comparative disadvantage faced by the Indian exporters in the international market. On the other hand in the case of project exports, there is no such disadvantage. In view of the good profitability in project exports, tax concession of 50 per cent only is allowed under Sec. 80HHB, which is considered to be adequate.

Increase in narcotics production in the country

4595. SHRI KRISHNA KUMAR BIRLA : Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the drug manufacturing units in the States of Bihar, U.P. and Madhya Pradesh are producing narcotics and are supplying to addicts even in Bangladesh;

(b) whether it is also a fact that considerable percentage of the heroin seizures in 1990 showed its origin in India and that its production is gradually increasing following the opening of land routes through Afghanistan;

(c) if so, what are the details thereof; and

(d) what measures are contemplated by Government to check the conversion of opium into heroin in the country?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR) : (a) Five clandestine make-shift laboratories engaged in the manufacture of heroin from opium were unearthed in the State of U.P. during the years 1990 and 1991. No information has been received about such laboratories supplying drugs to addicts in Bangladesh.

(b) and (c) No, Sir.

(d) Enforcement agencies keep a vigil in the matters to check such illegal activities. Vigil is also maintained over the illicit cultivation of opium poppy with a view to prevent diversion of opium into illicit channels. The enforcement agencies concerned collect intelligence about such illegal activities and whenever such illegal activities are noticed, action is taken in accordance with law.

Government decision to borrow Rs. 1208 crores

4596. SHRI SYED SIBTEY RAZI: Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry has taken a surprise decision to borrow on a dearer basis and secure the balance of Rs. 1208 crores in the final tranche for the current financial year;

(b) if so, what are the reasons behind this change in the pattern and what is the basis of borrowing;

(c) what is its impact on the Statutory Liquidity Ratio; and

(d) whether this scheme has been fully publicised through media to achieve the desired targets?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI SHANTA RAM POTDUKHE): (a) and (b) The last instalment of Central Government borrowing, in a year, is usually done in the month of March. This time also the last instalment was borrowed on the 25th of this month. The rate of interest for the 15 year loan which was earlier 11.5% was increased to 12.5% to improve the return to investors.

(c) This has no impact on the Statutory Liquidity Ratio.

(d) Yes, Sir.

मुद्रा स्फीति के संबंध में भारतीय रिजर्व बैंक की टिप्पणी

4597. **डा० जिनेन्द्र कुमार जैन :**
श्री राम जेठमलानी :

क्या वित्त मंत्री यह बताने की कृपा करेंगे कि :

(क) क्या सरकार का ध्यान 9 मार्च, 1992 के "इकॉनामिक्स टाइम्स" "निगेटिव जी०डी०पी० ग्रोथ रेट, स्पाइरलिंग प्राइसिस इन 1992-93 फोरकास्ट" शीर्षक के अन्तर्गत प्रकाशित समाचार की ओर दिलाया गया है;

(ख) यदि हां, तो क्या यह सही है कि भारतीय रिजर्व बैंक ने यह कहा है कि अगले वर्ष के दौरान भी मुद्रास्फीति की दर में कमी आने की कोई संभावना नहीं है; और